

Condensed consolidated interim financial statements

For the three-month period ended 30 April 2016

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 April 2016 Unaudited RM'000	30 April 2015 Unaudited RM'000	30 April 2016 Unaudited RM'000	30 April 2015 Unaudited RM'000
Revenue		122,964	59,026	122,964	59,026
Cost of sales		(96,212)	(42,175)	(96,212)	(42,175)
Gross profit		26,752	16,851	26,752	16,851
Interest income		979	437	979	437
Dividend income		-	6	-	6
Other gains and losses		202	1,622	202	1,622
Administrative expenses		(320)	(325)	(320)	(325)
Distribution costs		(504)	(300)	(504)	(300)
Other expenses		(7,015)	(4,938)	(7,015)	(4,938)
Finance costs		(512)	(661)	(512)	(661)
Share of results of associate		329	476	329	476
Share of results of joint venture		374	-	374	-
Profit before tax	8	20,285	13,168	20,285	13,168
Income tax expense	9	(5,278)	(3,299)	(5,278)	(3,299)
Profit for the period, net of tax, attributable to the owners of the Company		15,007	9,869	15,007	9,869
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(3,218)	(2,324)	(3,218)	(2,324)
Net fair value gain on cash flow hedge		-	946	-	946
Other comprehensive loss for the period, net of tax		(3,218)	(1,378)	(3,218)	(1,378)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		11,789	8,491	11,789	8,491
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	5.0	3.3	5.0	3.3

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2016
Condensed consolidated statement of financial position

		30 April 2016	31 January 2016
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	121,584	121,087
Goodwill	12	876	876
Other intangible assets	13	3,161	2,557
Investment in associate		19,143	20,158
Investment in joint venture		5,928	5,554
Deferred tax assets		1,222	1,321
		<u>151,914</u>	<u>151,553</u>
Current assets			
Inventories	14	40,160	47,911
Trade and other receivables		281,433	240,870
Investment securities	15	242	199
Other financial assets	15	235	-
Tax recoverable		-	541
Cash and bank balances	16	262,290	241,645
		<u>584,360</u>	<u>531,166</u>
Total assets		<u>736,274</u>	<u>682,719</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	150,205	150,205
Foreign currency translation reserve		(10,007)	(6,789)
Revaluation reserve		28,687	28,687
Retained earnings		164,870	149,863
Total equity		<u>333,755</u>	<u>321,966</u>
Non-current liabilities			
Loans and borrowings	18	1,092	1,240
Deferred tax liabilities		484	489
		<u>1,576</u>	<u>1,729</u>
Current liabilities			
Trade and other payables		355,174	325,523
Loans and borrowings	18	38,149	26,063
Other financial liabilities	15	-	455
Tax liabilities		7,620	6,983
		<u>400,943</u>	<u>359,024</u>
Total liabilities		<u>402,519</u>	<u>360,753</u>
Total equity and liabilities		<u>736,274</u>	<u>682,719</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2016
Condensed consolidated statement of changes in equity

	Attributable to the owners of the Company					Total RM'000
	Non-Distributable			Distributable		
	Share capital RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Cash flow hedging reserve RM'000	Retained earnings RM'000	
At 1 February 2015	150,205	(6,286)	28,170	(1,501)	116,612	287,200
Total comprehensive income	-	(2,324)	-	946	9,869	8,491
At 30 April 2015	150,205	(8,610)	28,170	(555)	126,481	295,691
At 1 February 2016	150,205	(6,789)	28,687	-	149,863	321,966
Total comprehensive income	-	(3,218)	-	-	15,007	11,789
At 30 April 2016	150,205	(10,007)	28,687	-	164,870	333,755

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2016
Condensed consolidated statement of cash flows

	Note	3 months ended	
		30 April 2016	30 April 2015
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		20,285	13,168
Adjustments for:			
Interest income		(979)	(437)
Finance costs		521	661
Gain on disposal of property, plant and equipment	11	-	(82)
Depreciation of property, plant and equipment		991	907
Amortisation of other intangible assets	13	39	37
Inventories written down	14	-	20
Reversal on inventories written down	14	(1)	(503)
Gain on disposal of investment securities		-	(48)
Net fair value gain on investment securities		(43)	(29)
Unrealised gain on foreign exchange		(342)	(1,031)
Share of results of associate		(329)	(476)
Share of results of joint venture		(374)	-
Unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(689)	6
Dividend income		-	(6)
Operating cash flows before changes in working capital		<u>19,079</u>	<u>12,187</u>
Changes in working capital:			
Decrease/(Increase) in inventories		7,636	(288)
(Increase)/Decrease in trade and other receivables		(47,177)	46,065
Increase/(Decrease) in trade and other payables		29,997	(43,523)
Total changes in working capital		<u>(9,544)</u>	<u>2,254</u>
Interest paid		(829)	(682)
Income tax paid		(4,103)	(1,947)
Net cash generated from operating activities		<u>4,603</u>	<u>11,812</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(1,931)	(423)
Proceeds from disposal of property, plant and equipment		-	95
Acquisition of other intangible assets		(643)	(164)
Acquisition of investment securities		-	(80)
Proceeds from disposal of investment securities		-	2,181
Interest income received		979	437
Dividend from associate		6,252	-
Dividend income received		-	6
Net cash generated from investing activities		<u>4,657</u>	<u>2,052</u>
<u>Financing activities</u>			
Repayment of term loans		(763)	(763)
Drawdown of other bank borrowings		32,880	23,910
Repayment of other bank borrowings		(18,626)	(30,436)
Repayment of hire-purchase		(246)	(285)
Net cash generated from/(used in) financing activities		<u>13,245</u>	<u>(7,574)</u>
Net change in cash and cash equivalents		22,505	6,290
Effect of foreign exchange rate changes		(553)	553
Cash and cash equivalents at 1 February		<u>238,875</u>	<u>145,268</u>
Cash and cash equivalents at 30 April*		<u>260,827</u>	<u>152,111</u>
* Cash and cash equivalents comprise the following at 30 April:			
Cash and bank balances		262,290	152,643
Bank overdrafts		(1,463)	(532)
Total cash and cash equivalents		<u>260,827</u>	<u>152,111</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

1 Corporate information

George Kent (Malaysia) Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa").

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 June 2016.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 April 2016, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2016.

The consolidated financial statements of the Group for the financial year ended 31 January 2016 are available upon request from the Company's registered office at 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2016.

3 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2016, except for the adoption of the following amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2016

- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements

The Directors expect that the adoption of the above Amendments to MFRSs will not result in any significant changes in the accounting policies and will not have any significant effect on the financial position, results and disclosures in the financial statements of the Group and the Company in the period of initial application.

4 Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5 Changes in composition of the Group

There were no significant changes in the composition of the Group during the current interim period.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

6 Segment information

Segment information is presented in respect of the Group's operating segments. The activities within each of these segments are explained below:

(a) Engineering

Engineering comprises mainly revenue derived from the execution of construction contracts and income derived from investments in infrastructure.

(b) Metering

Metering comprises mainly revenue derived from the production, marketing and trading of water related product and services.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

	Construct- ion RM'000	Infrastruct- ure Investment RM'000	Engineer- ing RM'000	Metering RM'000	Others RM'000	Adjust- ments and elimina- tions RM'000	Per condensed consoli- dated financial statements RM'000
Current quarter							
3 months period ended							
30 April 2016							
Revenue:							
External customers	90,374	4,250	94,624	28,340	-	-	122,964
Results:							
Interest income	-	2	2	-	75	902	979
Depreciation and amortisation	48	59	107	670	-	253	1,030
Share of results of associate	-	329	329	-	-	-	329
Share of results of joint venture	374	-	374	-	-	-	374
Segment profit (Note A)	18,404	2,018	20,422	3,730	(549)	(3,318)	20,285
3 months period ended							
30 April 2015							
Revenue:							
External customers	30,544	4,631	35,175	23,851	-	-	59,026
Results:							
Interest income	-	2	2	-	92	343	437
Depreciation and amortisation	47	70	117	591	-	236	944
Share of results of associate	-	476	476	-	-	-	476
Share of results of joint venture	-	-	-	-	-	-	-
Segment profit (Note A)	7,758	2,357	10,115	4,967	914	(2,828)	13,168

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

6 Segment information (continued)

Note A

The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April	30 April	30 April	30 April
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Finance costs	(521)	(661)	(521)	(661)
Other unallocated corporate expenses	(2,797)	(2,167)	(2,797)	(2,167)
	<u>(3,318)</u>	<u>(2,828)</u>	<u>(3,318)</u>	<u>(2,828)</u>

Engineering

Revenue of RM94.62 million for the current quarter ended 30 April 2016 was 169% higher as compared to RM35.18 million for the corresponding quarter in 2015. Segment profit of RM20.42 million for the current quarter ended 30 April 2016 was 102% higher as compared to RM10.12 million for the corresponding quarter in 2015. Construction accounts for 96% of the revenue and 90% of segment profit of the Engineering Division. The higher revenue and segment profit was mainly contributed by the steady progress of the construction projects in hand.

Metering

Revenue of RM28.34 million for the current quarter ended 30 April 2016 was 19% higher compared to RM23.85 million for the corresponding quarter in 2015. However, segment profit of RM3.73 million for the current quarter ended 30 April 2016 was 25% lower as compared to RM4.97 million for the corresponding quarter in 2015 mainly attributed to the effect of foreign exchange rate.

Consolidated revenue

The operations for the Group are mainly based in Malaysia, with the regional activities in the ASEAN countries and Papua New Guinea. Its core businesses are centred in the water industry and engineering works. The main factors which have affected the Group's revenue have been stated above.

Consolidated profit before tax

The Group's current quarter profit before tax of RM20.29 million (30 April 2015: RM13.17 million) was 54% higher. The higher profit before tax reported was in line with the higher revenue and profits contributed by the Engineering Division. Other gains and losses was lower mainly due to realised loss on foreign exchange of RM1.08 million (30 April 2015: realised gain of RM0.30 million) on settlement. The increase in other expenses was mainly contributed by higher salaries and related expenses incurred to support the continuous expansion of the Group.

7 Seasonality of operations

The Group's performance was not affected by any significant seasonal or cyclical factors.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 April 2016 RM'000	30 April 2015 RM'000	30 April 2016 RM'000	30 April 2015 RM'000
Interest income	(979)	(437)	(979)	(437)
Other income (including investment income)	(206)	(141)	(206)	(141)
Finance costs	521	661	521	661
Depreciation of property, plant and equipment	991	907	991	907
Amortisation of other intangible assets	39	37	39	37
Gain on disposal of investment securities	-	(48)	-	(48)
Gain on disposal of property, plant and equipment	-	(82)	-	(82)
Net fair value gain on investment securities	(43)	(29)	(43)	(29)
Inventories written down	-	20	-	20
Reversal on inventories written down	(1)	(503)	(1)	(503)
(Gain)/loss arising on financial liabilities designated as at FVTPL				
- realised	-	(5)	-	(5)
- unrealised	(689)	6	(689)	6
Loss/(gain) on foreign exchange:				
- realised	1,078	(298)	1,078	(298)
- unrealised	(342)	(1,031)	(342)	(1,031)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 April 2016 RM'000	30 April 2015 RM'000	30 April 2016 RM'000	30 April 2015 RM'000
Current Tax:				
Malaysian tax	4,448	2,394	4,448	2,394
Foreign tax	830	905	830	905
	<u>5,278</u>	<u>3,299</u>	<u>5,278</u>	<u>3,299</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (30 April 2015: 24%) of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the current period is higher than the statutory tax rate mainly due to withholding tax paid for dividend declared by a foreign subsidiary.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

10 Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic earnings per share:

	Current quarter		Cumulative quarter	
	30 April 2016	30 April 2015	30 April 2016	30 April 2015
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	15,007	9,869	15,007	9,869
Number of ordinary shares in issue ('000)	300,410	300,410	300,410	300,410
Basic/diluted earnings per share (sen)	5.0	3.3	5.0	3.3

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

11 Property, plant and equipment

Acquisitions and disposals

During the three months period ended 30 April 2016, the Group acquired assets at a cost of RM1.93 million (30 April 2015: RM0.83 million).

Assets with carrying amount of RMNil (30 April 2015: RM13,000) were disposed of by the Group during the three months period ended 30 April 2016, resulting in a gain on disposal of RMNil (30 April 2015: RM82,000), recognised in profit or loss.

12 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment is assessed whenever there is an indication that the intangible asset may be impaired.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

13 Other intangible assets

	Computer software RM'000	Product develop- ment RM'000	Other develop- ment RM'000	Total RM'000
Cost:				
At 1 February 2016	583	2,201	980	3,764
Additions	9	634	-	643
At 30 April 2016	592	2,835	980	4,407
Accumulated amortisation:				
At 1 February 2016	358	16	833	1,207
Amortisation	19	8	12	39
At 30 April 2016	377	24	845	1,246
Carrying amount:				
At 1 February 2016	225	2,185	147	2,557
At 30 April 2016	215	2,811	135	3,161

Computer software

Computer software are stated at cost less any accumulated impairment losses and are amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%. The amortisation of computer software is recognised in profit or loss.

Product development costs

Product development costs relate to costs incurred in the development of new products, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised over the period of expected benefit not exceeding 10 years on straight-line basis. The amortisation of product development costs is recognised in profit or loss.

Other development costs

Other development costs considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis from the commencement of the contract to which they relate over the period of their expected benefit not exceeding 20 years. The amortisation of other development costs is recognised in profit or loss.

14 Inventories

During the three months ended 30 April 2016, the Group recognised an inventories write down of RMNil (30 April 2015: RM20,000) and reversal of inventories write down of RM1,000 (30 April 2015: RM503,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all instruments carried at fair value:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Input that are based on observable market data
- Level 3 - Input that are not based on observable market data

As at the reporting date, the Group held the following assets/(liabilities) that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 30 April 2016				
Financial assets held for trading:				
- Quoted shares	242	242	-	-
Financial assets carried at FVTPL:				
- Foreign exchange option contracts	235	-	235	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,788	-	-	19,788
- Long-term leasehold land	886	-	-	886
- Long-term leasehold building	2,167	-	-	2,167
At 31 January 2016				
Financial assets held for trading				
- Quoted shares	199	199	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(455)	-	(455)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,935	-	-	19,935
- Long-term leasehold land	958	-	-	958
- Long-term leasehold building	1,917	-	-	1,917

16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 April 2016 RM'000	31 January 2016 RM'000
Short-term deposits	169,742	143,410
Cash in hand and at banks	92,548	98,235
	<u>262,290</u>	<u>241,645</u>

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

17 Share capital, share premium and treasury shares

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

18 Interest-bearing loans and borrowings

	30 April 2016 RM'000	31 January 2016 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	1,463	2,770
Revolving credits	28,200	16,600
Bankers' acceptance	4,680	2,026
Term loans	3,050	3,813
Hire-purchase payables	756	854
	<u>38,149</u>	<u>26,063</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	1,092	1,240
	<u>1,092</u>	<u>1,240</u>
	<u>39,241</u>	<u>27,303</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

No interim ordinary dividend has been declared for the financial period ended 30 April 2016 (30 April 2015: Nil).

Subject to Shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a final single-tier dividend of 3.5 sen per share (FY2015: 2.1 sen per share) amounting to RM10.51 million (FY2015: RM6.31 million) for the financial year ended 31 January 2016. In Ringgit term, the total dividend for the financial year ended 31 January 2016 will be RM21.03 million (FY2015: RM15.92 million) which will be 32% higher.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2016

21 Commitments

Capital expenditure as at the reporting date is as follows:

	30 April 2016 RM'000	31 January 2016 RM'000
Approved and contracted for:		
Property, plant and equipment	3,670	2,671
Approved but not contracted for:		
Property, plant and equipment	39	11

22 Contingencies

The Group does not have any material contingent liabilities or contingent assets.

23 Related party transactions

The Group had the following transactions with related parties during the three months period ended 30 April:

	Cumulative quarter 3 months ended	
	30 April 2016 RM'000	30 April 2015 RM'000
Related companies: *		
Rental income for motor vehicle	3	3
Rental expenses for motor vehicle	11	-
Rental expenses for office equipment	1	-
Purchase of air tickets	149	127
Share registration charges, secretarial and accounting fees	18	22

* Related companies are companies within the Johan Holdings Berhad group.

24 Events after the reporting period

There were no material event subsequent to the end of current interim period.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the three-month period ended 30 April 2016**

25 Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

26 Comment on material change in profit before taxation

The profit before taxation for the current quarter ended 30 April 2016 is 27% lower than the preceding quarter due to lower revenue and profit attributed to project related works.

27 Commentary on prospects

After another record year of revenue and profit for the financial year ended 31 January 2016, the current quarterly revenue and profit was RM122.96 million (30 April 2015: RM59.03 million) and RM15.01 million (30 April 2015: RM9.87 million), which were 108% and 52% higher respectively.

These results indicate a positive trend for another good year. All divisions are contributing positively. The Board is optimistic of the Group's prospects for the financial year ending 31 January 2017.

28 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

Not applicable.

29 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

Not applicable.

30 Profit forecast or profit guarantee

Not applicable.

31 Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

32 Changes in material litigation

There was no outstanding material litigation as at the date of this report.

33 Dividend payable

Please refer to Note 20 for details.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the three-month period ended 30 April 2016**

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 30 April 2016 measured at their fair values together with their corresponding contract/notional amounts classified by the remaining period of maturity are as follows:

Types of derivatives	Contract/notional values	Net fair value assets/(liabilities)	Maturity
	RM'000	RM'000	
At 30 April 2016			
Foreign exchange option contracts	18,330	235	Less than 1 year
At 31 January 2016			
Foreign exchange option contracts	12,368	(455)	Less than 1 year

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables denominated in currencies other than the functional currencies of the Company. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

35 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have gains/losses arising from fair value changes of financial liabilities (other than derivative financial instruments) as at 30 April 2016 and 31 January 2016.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the three-month period ended 30 April 2016**

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 April 2016 and 31 January 2016 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 30 April 2016 RM'000	Previous financial year ended 31 January 2016 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(28,403)	(43,924)
- Unrealised	<u>44,575</u>	<u>45,792</u>
	16,172	1,868
Total share of profits from associate		
- Realised	25,560	25,231
Total share of profits from joint venture		
- Realised	<u>928</u>	<u>554</u>
	42,660	27,653
Add: Consolidation adjustments	<u>122,210</u>	<u>122,210</u>
Retained earnings as per financial statements	<u>164,870</u>	<u>149,863</u>

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2016 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH
 (MACS00400)

Company Secretary
 29 June 2016